



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

March 4, 2004

Energy prices and supplies reported in this bulletin are from Monday, Mar. 1, 2004 unless otherwise noted. Also shown are energy data from a month ago, Feb. 2, 2004, and from a year ago, Mar. 3, 2003.

Heating Fuels

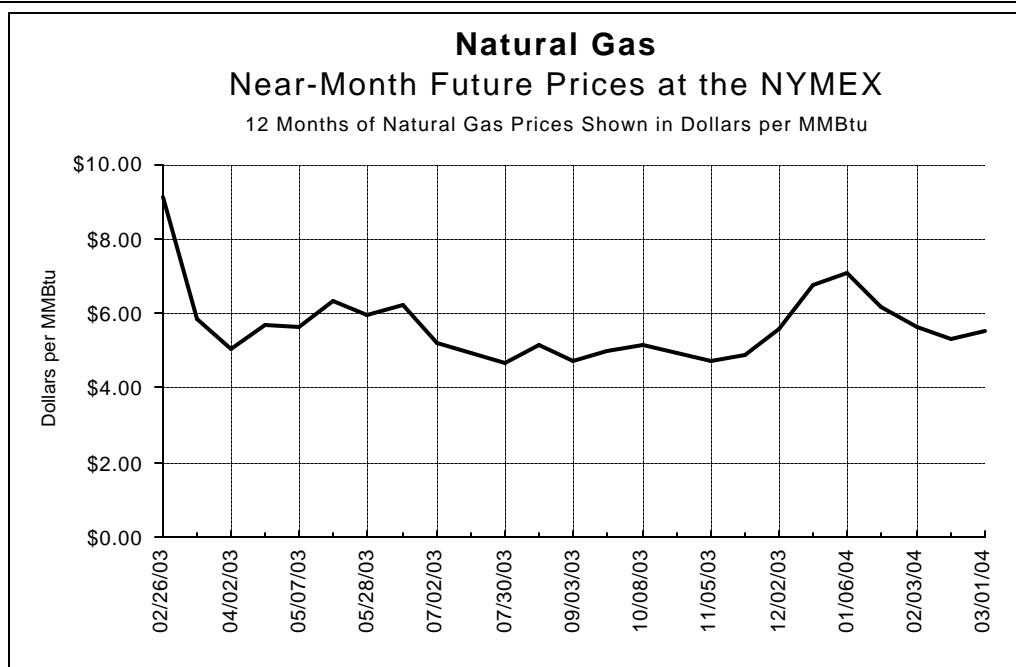
Heating fuels tracked in the Missouri Energy Bulletin include natural gas, propane and residential heating oil. All heating fuel prices and supplies shown from October through March are updated in every new release of the bulletin. From April through September, propane and heating oil prices and supplies are either not available or revised once a month.

Natural Gas

Despite warming weather and adequate supplies of natural gas through the end of the heating season, the spot price for natural gas continues to hold above \$5 per MMBtu.

Approximately 60 percent of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity. From 1998 to 2001, Missouri electric utilities' use of natural gas more than doubled and then subsided by about 10 percent between 2001 to 2002.

- ? The spot price for natural gas at the Henry Hub, throughout this last *month* (Feb. 3 to Mar. 1), decreased by 0.25 dollars per MMBtu (5 percent) moving from 5.53 to 5.28 dollars per MMBtu. Throughout this last *year* (Mar. 3, 2003 to Mar. 1, 2004), the price paid decreased by 3.44 dollars per MMBtu moving from 8.72 to 5.28 dollars per MMBtu, a decrease of 39 percent. The near-month contract settlement price paid for natural gas futures at the NYMEX followed a similar pattern, declining 2 percent from 5.65 to 5.55 dollars per MMBtu this month and decreasing 39 percent from 9.13 to 5.55 dollars per MMBtu, over the last year. (Source: *Wall Street Journal*)
- ? Despite warmer than normal temperatures in most of the principal gas-consuming areas of the Lower 48 States, gas prices increased since last Wednesday, February 25. Prices increased following the larger-than-average withdrawal from working gas storage reported by DOE last Thursday, February 26. A contributing factor to the run-up in natural gas prices could be climbing crude oil prices. Despite last week's increases, prices remain well below the highs recorded in mid-January 2004, and have fallen about 10 percent at most market locations since the start of the new year. Spot prices are more than 40 percent below the level for last year at this time at nearly all market locations.
- ? Working gas in storage was 1,171 Bcf as of Friday, February 27, 2004, according to the EIA *Weekly Natural Gas Storage Report*. This is about 11 percent below the 5-year average for the report week and 333 Bcf above the level last year for the same week.



Propane

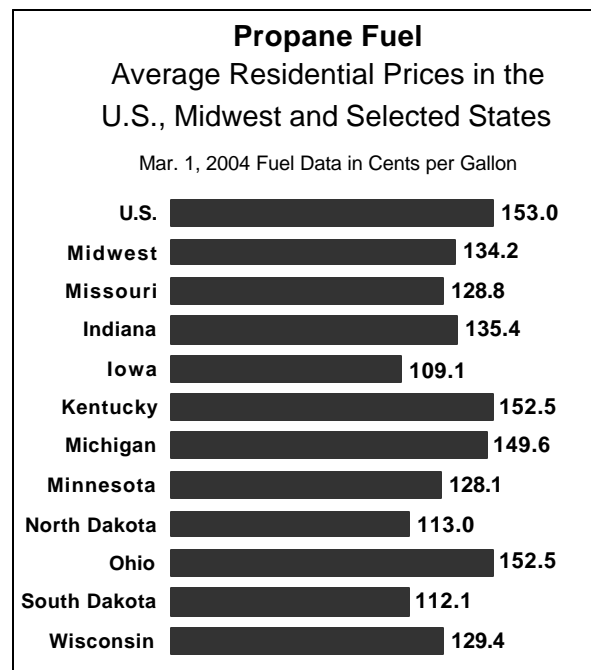
Due to the slightly warmer-than-normal temperatures for most of this winter heating season in the Midwest, DOE reports that the draw on Midwest inventories was more than 30 percent below the 5-year average for this region.

Approximately 12 percent of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles. In 2000, Missourians spent about \$459 million and used 455 million gallons of propane.

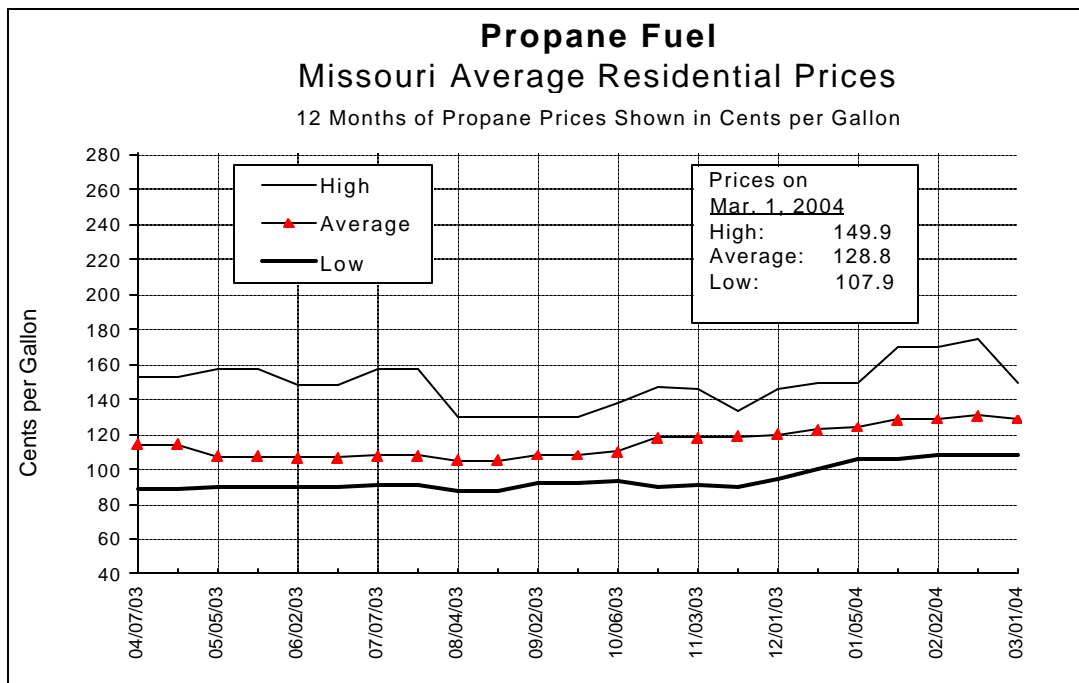
? The average price paid for residential propane in **Missouri**, throughout this last *month*, increased less than 1 percent moving from 128.6 to 128.8 cents per gallon. Prices decreased 19.6 cents per gallon moving from 148.4 to 128.8 cents per gallon over the last year, a decrease of 13 percent.

? Due to cooler weather, propane stocks in the **United States**, throughout this last *month* (Jan. 30 to Feb. 27), were down by 8.0 million barrels moving from 34.0 to 25.9 million barrels, a decrease of 24 percent. In the **Midwest**, stocks were down by 5.6 million barrels moving from 15.6 to 10.0 million barrels, a decrease of 36 percent.

? Following sharp declines over the past several weeks, U.S. supplies of propane fell less than 0.3 million barrels, positioning the nation's primary supply of



propane at an estimated 25.9 million barrels as of February 27, 2004. U.S. inventories continued to track at the lower limit of the average range for this time of year and regional inventories were mixed last week with the Midwest region moving lower by more than 0.7 million barrels.



Residential Heating Oil

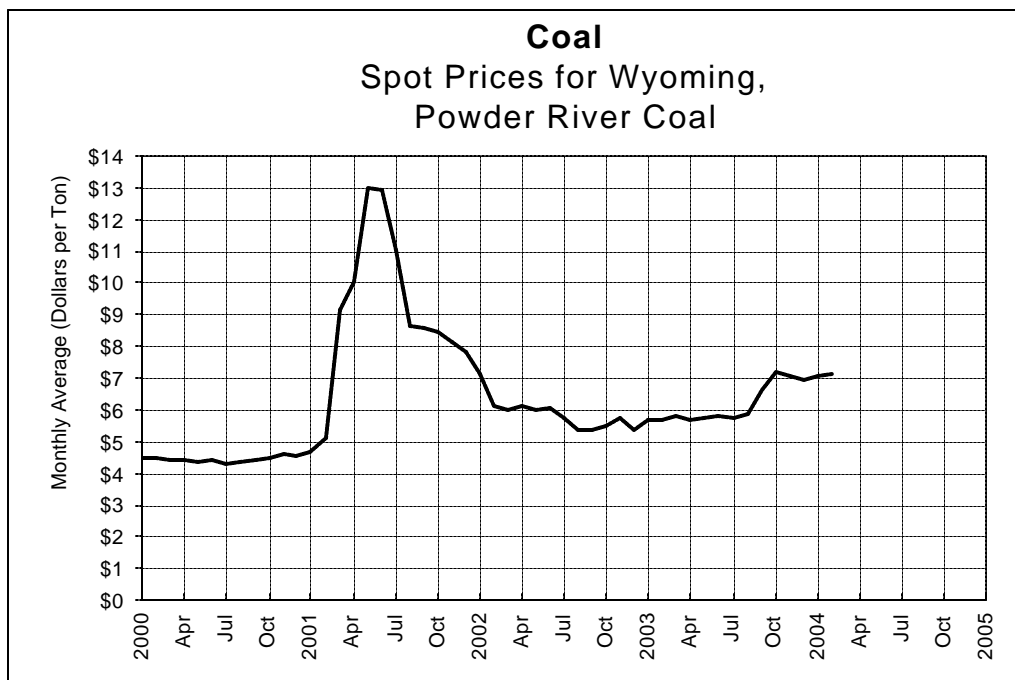
- ? The average price paid for residential heating oil in the **Midwest**, throughout this last year, decreased by 16.4 cents per gallon (11 percent) moving from 152.9 to 136.5 cents per gallon. In the **United States**, the average price paid decreased by 23.3 cents per gallon (13 percent) moving from 183.5 to 160.2 cents per gallon.
- ? Residential heating oil stocks in the **Midwest**, throughout this last month (Jan. 30 to Feb. 27), were down by 0.4 million barrels (5 percent) moving from 7.3 to 6.9 million barrels. Stocks over the last year (Feb. 28, 2003 to Feb. 27, 2004) were down 1 percent. In the **United States**, stocks were down by 4.9 million barrels (10 percent) moving from 49.3 to 44.4 million barrels. Stocks over the last year were up by 8.8 million barrels (25 percent).

Coal

Coal production has increased significantly in the last month due to higher natural gas and crude oil prices, and is up by more than 5% compared to the same period last year.

Coal-fired electric power plants located in Missouri produced 84 percent of all electric power used throughout the state in 2001. Of all coal delivered to Missouri during 2000, about 96 percent came from Wyoming.

- ? The monthly average price paid for Wyoming, Powder River coal, throughout this last month (Jan. to Feb.), increased by 0.07 dollars (1 percent) moving from 7.06 to 7.13 dollars per ton. Throughout this last year (Feb. 2003 to Feb. 2004), the average price paid increased by 1.45 dollars moving from 5.68 to 7.13 dollars per ton, an increase of 26 percent. (Source: *Wyoming Insight*, Feb. 27, 2004)



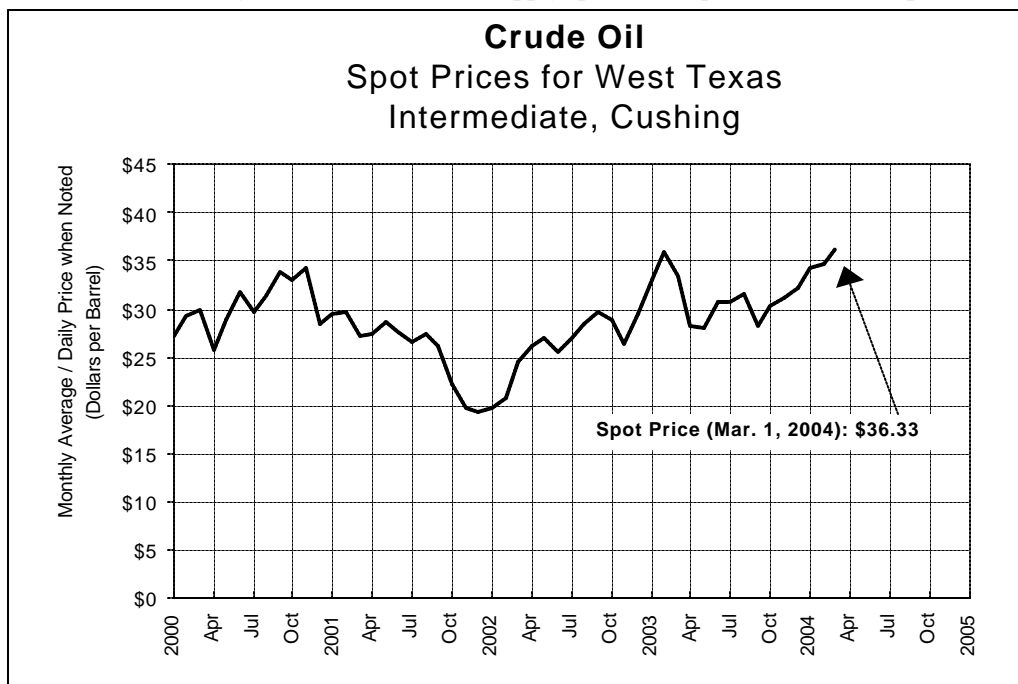
- ? Estimated coal production for the week ending Feb. 21, 2004 was 20.99 million short tons (mmst). This was 5.6 percent above the comparable week in 2003. Year-to-date U.S. coal production is estimated at 152.6 mmst, or 1.2 percent behind the corresponding total for 2003.
- ? Since mid-September, coal prices in general remained strong due to continued demand from the utility sector. Higher natural gas and crude oil prices are providing strong incentives for increased use of coal to generate electricity by U.S. utilities as more natural gas and heating oil is used for winter heating purposes.

Crude Oil

U.S. crude oil supplies continue to be near the U.S. DOE's lower operating level of 270 million barrels and support prices above \$36 per barrel. Concerns over adequate supplies of crude oil are continuing to push prices near \$37 per barrel as OPEC reduces production and there is mounting civil unrest in Venezuela.

- ? The spot price of crude oil (West Texas Intermediate - Cushing), throughout this last *month* (Feb. 3 to Mar. 1), increased by 2.20 dollars per barrel (6 percent) moving from 34.13 to 36.33 dollars per barrel. Throughout this last *year* (Mar. 3, 2003 to Mar. 1, 2004), the spot price increased by 0.45 dollars per barrel moving from 35.88 to 36.33 dollars per barrel, an increase of 1 percent. (Source: *Wall Street Journal*)
- ? Despite crude oil supplies at DOE's lower operating range, for the week ending February 27, 2004, EIA reported a 2-million-barrel build in U.S. crude supplies. Crude oil inventories have now risen more than 12 million barrels from 28-year lows hit in late January. This increase may signify an early start to the crude oil build season, as inventories typically increase by more than 20 million barrels between the end of February and the end of April, according to the EIA.

- ? Crude Oil futures for April delivery on the NYMEX fell nearly \$1 on March 3 to \$35.80 per barrel as a build in tight US crude oil inventories spurred a rash of profit-taking from crude's recent rally to pre-Iraq War highs after prices neared \$37 per barrel. Oil has surged more than \$3.50 per barrel, or 12 percent, since the OPEC's February 10th decision to cut supply quotas in April and eliminate production cheating.



Transportation Fuels

The national average gasoline retail price of \$1.71 per gallon on March 1, has not been this high since September 8, 2003.

- ? The average retail price paid for regular unleaded gasoline in **Missouri**, throughout this last *month*, increased by 9.4 cents per gallon (6 percent) moving from 151.0 to 160.4 cents per gallon. Prices increased by 5.2 cents per gallon moving from 155.2 to 160.4 cents per gallon over the last year, an increase of 3 percent.
- ? The average retail price paid for regular unleaded gasoline in the **United States**, throughout this last *month*, increased 10.1 cents per gallon (6 percent) moving from 161.6 to 171.7 cents per gallon. Prices increased by 3.1 cents per gallon over the last year, an increase of 2 percent.
- ? Over the last month, the average retail price paid for highway diesel fuel in **Missouri** increased by

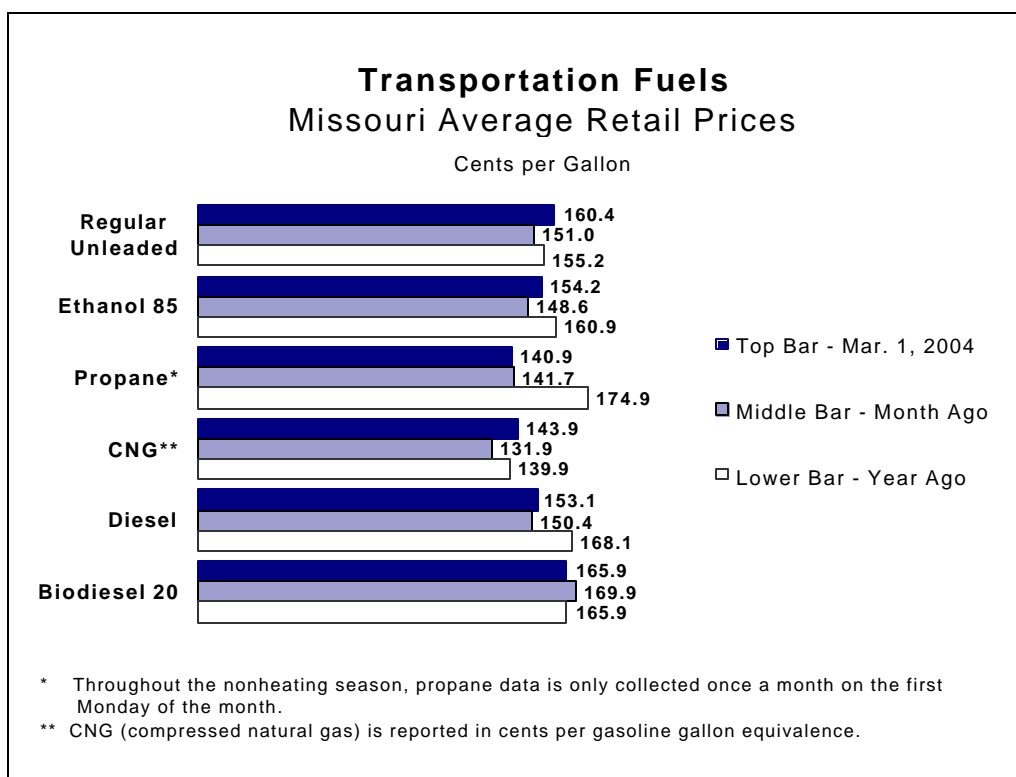
Regular Unleaded Gasoline Average Retail Prices in the U.S., Midwest, Missouri and Missouri Regions

Mar. 1, 2004 Fuel Data in Cents per Gallon

U.S.	171.7
Midwest	167.2
Missouri	160.4
Central, Mo.	156.5
Kansas City, Mo.	156.4
Northeast, Mo.	157.9
Northwest, Mo.	158.4
St. Louis, Mo.	166.9
Southeast, Mo.	160.6
Southwest, Mo.	158.3

2.7 cents per gallon (2 percent) moving from 150.4 to 153.1 cents per gallon. Throughout this last year, the price paid decreased by 15.0 cents per gallon moving from 168.1 to 153.1 cents per gallon, a decrease of 9 percent.

- ? Total gasoline stocks in the **Midwest**, throughout this last *month* (Jan. 30 to Feb. 27) were up by 2.0 million barrels (4 percent) moving from 53.5 to 55.5 million barrels. Over the last year (Feb. 28, 2003 to Feb. 27, 2004) stocks in the **Midwest** were up by 5.4 million barrels (11 percent) moving from 50.1 to 55.5 million barrels. In the last month, total **United States** stocks were down by 3.6 million barrels moving from 205.6 to 202.0 million barrels, a decrease of 2 percent and over the last year stocks were also down 2 percent.
- ? Driven by high crude oil prices, retail regular gasoline prices were up throughout the country last week, with the West Coast still driving the national increase. California prices averaged 210.9 cents per gallon after gaining 8.0 cents this past week and keeping California prices over \$2 for the second week in a row.



The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration and Chicago Regional Office; the National Association of State Energy Officials, the Missouri Propane Gas Association and the Propane Education and Research Council; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.